

Message Text

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ACTION STR-07

INFO OCT-01 ARA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 XMB-02 OPIC-03 JUSE-00 OIC-02 AF-10
EA-10 EUR-12 NEA-10 /173 W
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P 201718Z JUL 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 2352
INFO AMEMBASSY SANTO DOMINGO

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USMTN

ACTION STR

STR PASS CODEL

EO 11652: N/A
TAGS: MTN, ETRD, DR
SUBJECT: MTN: CONSULTATIONS WITH GODR DELEGATION

REF: SANTO DOMINGO 3773

1. SUMMARY: DURING RECENT GENEVA VISIT, GODR DEL STATED THAT DOMINICAN REPUBLIC (DR) WOULD BE UNABLE TO MAKE ANY OFFERS IN MTN UNTIL AFTER NEW GOVERNMENT ASSUMED OFFICE AUGUST 16. END SUMMARY.

2. US MTN DEL (KNEPPER, HUDSON, DRAZEK) MET WITH GODR DELEGATION (AMB. ROSENBERG, ELADIO SANCHEZ, CONSULTANT TO CEDOPEX, AND SRA. DE PEREZ, OF THE TECHNICAL COMMISSION
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OF THE PRESIDENT'S SECRETARIAT) JULY 11 AND 12 IN GENEVA. GODR DEL STATED THAT, GIVEN IMMINENT CHANGE OF GOVERNMENT IN SANTO DOMINGO, AUTHORITIES HAD DECIDED AGAINST MAKING ANY OFFERS IN THE MTN AT THIS TIME. HOWEVER, GODR DEL EXPRESSED "CONFIDENCE" THAT INCOMING GOVERNMENT WOULD WISH TO ACTIVELY PARTICIPATE IN THE MTN, ALTHOUGH NOTING THE SEVERE BOP AND FISCAL PROBLEMS THAT LOW SUGAR PRICES HAD

BROUGHT ON. (FYI SANCHEZ IS ON CONTRACT WITH CEDOPEX FOR MTN ACTIVITIES WHICH IS TO EXPIRE JULY 31. SANCHEZ IS SEEKING TO HAVE CONTRACT RENEWED TO DO ADDITIONAL STATISTICAL WORK ON US INDICATIONS OF EXPORT INTEREST IN DOMINICAN MARKET IN TROPICAL PRODUCTS NEGOTIATIONS, AND IN AGRICULTURAL AND INDUSTRIAL NEGOTIATIONS. GODR DEL ALSO BELIEVED THAT ROBERTO MARTINEZ, HEAD OF CEDOPEX, WOULD BE RESIGNING TO BE REPLACED BY APPOINTEE OF INCOMING GOVERNMENT END FYI.)

3. DURING REVIEW OF GODR REQUESTS AND US OFFERS, GODR DEL NOTED THEIR DEEP "DISAPPOINTMENT" THAT US WAS NOT PREPARED TO NEGOTIATE ON PRODUCT OF KEY IMPORTANCE TO THEM, I.E. SUGAR, AND INDICATED THEIR INTEREST IN SUBSTANTIAL IMPROVEMENTS ON US OFFERS ON TOBACCO AS WELL AS INITIAL US OFFERS ON OTHER AGRICULTURAL PRODUCTS IN WHICH GODR IS PRINCIPAL SUPPLIER. (SEE GENEVA 09453 AND PREVIOUS). GODR NOTED THAT THEIR INTEREST IN REQUESTS ON TSUS 136.98, 136.99, 137.01, FRESH PEAS, WAS FOR AN EX-OUT FOR "PIGEON PEAS" (SPANISH GANDULES).

4. IN DISCUSSING US INDICATIONS OF EXPORT INTEREST IN DOMINICAN REPUBLIC, GODR DEL NOTED THAT SOME 40 PERCENT OF IMPORTS FROM US IN INDICATED PRODUCTS ENTERED DUTY FREE EITHER AS DIRECT GOVERNMENT IMPORTS UNDER PRICE STABILIZATION PROGRAMS OR UNDER VARIOUS INDUSTRIAL INCENTIVE PROGRAMS. THEY ALSO NOTED THAT AN OAS TECHNICIAN WAS LIMITED OFFICIAL USE

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STUDYING POSSIBILITIES FOR ELIMINATION OF CONSULAR INVOICE.

5. US MTN DEL USED OPPORTUNITY OF CONSULTATION TO CLARIFY POSITION ON GSP FOR GODR DELS, NOTING THAT ONLY MFN TARIFF REDUCTIONS WERE UNDER NEGOTIATION IN MTN. SUCH TARIFF REDUCTIONS WERE BOUND AND PROVIDED GOOD SIGNALS FOR FUTURE INVESTMENT PLANNING. GSP, WHICH WAS NOT PERMANENT, WAS A UNILATERAL US GRANT SUBJECT TO CHANGE WITHOUT INCURRING OBLIGATION TO BENEFICIARY COUNTRIES. MFN NEGOTIATIONS PROVIDE UNIQUE OPPORTUNITY TO LOWER TARIFFS ON ITEMS FOR WHICH COUNTRY WAS EXCLUDED FROM RECEIVING GSP REDUCTIONS DUE TO COMPETITIVE NEED LIMITATIONS.

6. US MTN DEL ALSO INFORMED GODR DEL OF US COMMENTS ON NON-TARIFF MEASURES ON FRUITS AND VEGETABLES THAT THE GODR HAD NOTIFIED AS TRADE BARRIERS IN PUERTO RICO. CONCERNING AGRICULTURAL INSPECTION FEES, IT WAS NOTED THAT THE FEE APPLIED TO INSPECTION CHARGES PERTAINING TO GRADING COLLECTED AT THE BORDER IN PUERTO RICO BY THE FOOD SAFETY AND QUALITY SERVICE, USDA. THE FEES ARE COLLECTED IN ACCORDANCE WITH SECTION 608E, AGRICULTURAL MARKETING AGREEMENT ACT, AND ARE NOT APPLIED IN A DISCRIMINATORY MANNER

AGAINST THE DOMINICAN REPUBLIC. CONCERNING QUANTITATIVE RESTRICTIONS OR QUOTAS MAINTAINED IN THE PUERTO RICAN MARKET ON FRUIT AND VEGETABLE IMPORTS, THE US NOTED THAT SUCH MEASURES WERE NOT KNOWN TO EXIST, BUT THE GODR WAS FREE TO SUBMIT ANY ADDITIONAL SPECIFIC INFORMATION ON SUCH BARRIERS THAT IT MIGHT HAVE.

7. US MTN DEL NOTED THAT AS MTN WAS NOW IN ITS CLOSEOUT PHASE, IT WAS IMPERATIVE THAT NEW DR GOVERNMENT SUBMIT ITS OFFERS AS SOON AS POSSIBLE FOLLOWING COMING INTO OFFICE. IN ANY EVENT, IT WAS EXPECTED THAT IN EARLY AUTUMN THE US WOULD BEGIN REVISING AND BALANCING THE OFFERS IT PRESENTLY HAD ON THE TABLE IN LIGHT OF OFFERS WHICH HAD BEEN RECEIVED. FOR THE US TO MAINTAIN AND IMPLEMENT OFFERS OF INTEREST TO THE DOMINICAN REPUBLIC, SOME MEASURE OF DR LIMITED OFFICIAL USE

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CONTRIBUTIONS TO TRADE LIBERALIZATION WOULD BE NECESSARY. THE GATT HAD ACCEPTABLE PROCEDURES TO BE FOLLOWED BY COUNTRIES WITH BOP PROBLEMS, AND US WAS NOT ASKING FOR IMMEDIATE IMPLEMENTATION OF TARIFF REDUCTIONS, AND, IN A NUMBER OF INSTANCES, WAS ASKING FOR BINDING OF PRESENT

TARIFF RATES WHICH WOULD NOT ADVERSELY AFFECT PRESENT REVENUES. PHASING IN, OR STAGING OF TARIFF REDUCTIONS BY DC'S WOULD, IN ANY EVENT, TAKE PLACE DURING THE 1980S.

8. RE LAST SENTENCE REFTEL, GODR DEL MADE ONE REFERENCE IN PASSING TO POSSIBLE INTEREST IN A BILATERAL AGREEMENT. US MTN DEL NOTED THAT, IN PRINCIPLE, US PREFERRED TO NEGOTIATE MULTILATERALLY ON TRADE MATTERS WITH GATT MEMBERS. DR, AS A GATT MEMBER, COULD EASILY MAKE ACCEPTABLE AGREEMENTS BY ADDING TO GATT SCHEDULES. BILATERAL AGREEMENTS, SUCH AS THOSE WITH MEXICO IN THE TROPICAL PRODUCTS NEGOTIATIONS, HAD BEEN NECESSARY BECAUSE MEXICO WAS NOT A GATT MEMBER. GODR DEL MADE NO MENTION OF POSSIBILITY OF A "TIMETABLE" FOR REDUCING DR CUSTOMS DUTIES IN THE FUTURE, ALTHOUGH THEY DID INDICATE LIMITED OFFICIAL USE

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SOME WORK HAD BEEN DONE IN THE AREA OF CUSTOMS COLLECTED. SANCHEZ WAS PROPOSING TO CONTINUE SUCH WORK UPON HIS RETURN TO SANTO DOMINGO.

9. COMMENT: US MTN DEL APPRECIATES ASSISTANCE OF AMERICAN EMBASSY SANTO DOMINGO IN ELICITING GODR INTEREST IN MTN. IT WOULD BE MOST HELPFUL IF EMBASSY COULD POINT OUT TO APPROPRIATE INCOMING GODR OFFICIALS, AT EARLIEST OPPORTUNITY, NEED FOR PROMPT ACTION ON BEHALF OF GODR IF THEY ARE TO DBTAIN MAXIMUM ADVANTAGES FOR DR FROM THIS ROUND OF TRADE NEGOTIATIONS. BOTH SALADIN AND SANCHEZ APPEAR WELL INFORMED ON TECHNICAL ASPECTS OF NEGOTIATIONS, AND SHOULD BE ABLE TO ASSIST INCOMING GOVERNMENT.

10. DRAFTED BY KNEPPER. MCDONALD

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